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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

CRYPTOGRAPHY RESEARCH, INC.,

Plaintiff,

v.

VISA INTERNATIONAL SERVICE
ASSOCIATION,

Defendant,

VISA INTERNATIONAL SERVICE
ASSOCIATION,

Counterclaimant,

v.

CRYPTOGRAPHY RESEARCH, INC.,

Counterdefendant.

Case No. C 04-04143 JW (HRL)

**JOINT REQUEST FOR FURTHER
CASE MANAGEMENT
CONFERENCE UNDER CIVIL L.R.
16-10(C) AND [PROPOSED] ORDER**

Judge: James Ware

1 Defendant Visa International Service Association (“VISA”) and Plaintiff Cryptography
2 Research, Inc. (“CRI”) jointly request a Case Management Conference (“CMC”) pursuant to
3 Civil L.R. 16-10(c) to discuss how the case should proceed.

4 **FACTS GIVING RISE TO JOINT REQUEST FOR CMC**

5 The request for a CMC is made in light of the following facts:

6 1. On November 8-9, 2005, the Court held a claim construction hearing on all eight
7 patents-in-suit.

8 2. On October 19, 2006, the Court issued its Claim Construction for the disputed
9 terms of the ‘661 patent.

10 3. On November 13, 2006, CRI moved for leave to file a motion for reconsideration
11 with respect to one of the construed claim terms of the ‘661 patent. No order has been entered on
12 that motion for reconsideration.

13 4. On November 20, 2006, CRI served Final Infringement Contentions on the
14 construed ‘661 patent asserting 25 previously unasserted claims. The parties dispute whether
15 these newly asserted claims raise new issues of claim construction. **CRI’s position:** CRI
16 contends that none of the newly asserted claims raise new claim construction issues. As part of
17 the previous claim construction proceedings, the parties entered into a stipulated order by which
18 CRI would supplement its infringement contentions with these or other claims without objection
19 by VISA. The parties (and VISA’s then counsel) contemplated this stipulation and supplemental
20 infringement contentions during the claim construction phase and the terms already presented by
21 the court address any issues they raise. Any wish from VISA’s new counsel to redo past
22 proceedings does not justify further delay or the burden it would impose on the Court or CRI—
23 particularly in light of VISA’s lack of diligence in raising the issue when it was fully aware of it
24 before the prior claim construction briefing. **VISA’s position:** These claims would raise new
25 issues of claim construction.

26 5. On December 6, 2006, CRI served Supplemental Preliminary Infringement
27 Contentions on VISA, which asserted 15 previously unasserted claims. The parties dispute
28 whether these newly asserted claims raise new issues of claim construction. **CRI’s position:** As

1 stated above, CRI contends that none of the newly asserted claims raise new claim construction
 2 issues. The newly asserted claims include terms, or variations thereof, that have been fully
 3 briefed by the parties. Moreover, the newly asserted claims include terms that have already been
 4 construed by the Court. **VISA's position:** These claims also would raise new issues of claim
 5 construction.

6 6. On January 24, 2007, Mayer, Brown, Rowe & Maw LLP entered an appearance as
 7 counsel for VISA. Subsequently, Joseph Melnik, lead counsel for VISA, left the Pepper
 8 Hamilton firm and joined the Palo Alto office of Mayer, Brown. Mayer, Brown is now lead
 9 counsel for VISA.

10 7. Also on March 7, 2007, the Court issued an Order re: Submission of Claims being
 11 asserted.

12 8. On March 20, 2007, the Court issued an Order of Appointment of a Technical
 13 Advisor, Dr. Ranier Schulz.

14 9. On March 20, 2007, the Court granted CRI's Motion for Leave to File a Second
 15 Amended Complaint.

16 DISCUSSION

17 No substantial developments have occurred since the November 8-9, 2005 claim
 18 construction hearing with the exception of the claim construction order on the '661 patent, CRI's
 19 motion for reconsideration of that order, CRI's final infringement contentions and VISA's final
 20 invalidity contentions on that patent, CRI's supplemental preliminary infringement contentions,
 21 and the Court granting CRI's motion to amend its complaint to add an antitrust claim. Given the
 22 above, and the change in VISA's counsel, the parties request a CMC at which they propose to
 23 raise at the least the following.

24 1. In the Joint Chart of the Claims Being Asserted filed March 16, 2007, the parties
 25 disagreed on which claims are actually before the Court. CRI contends that it added claims
 26 pursuant to the Stipulated Order dated September 29, 2006¹, which expressly allowed CRI to
 27

28 ¹ The parties filed multiple stipulated orders which expressly included supplementation under the
 patent local rules during 2005 and 2006.

1 amend its Preliminary Infringement Contentions “without objection by Visa” because of VISA’s
2 persistent violations of discovery obligations and the Court’s orders. VISA contends that these 40
3 new claims are not properly before the Court because their addition was neither permitted by
4 Local Rule nor by the Stipulated Order.

5 2. The parties further disagree whether the newly asserted claims raise new claim
6 construction issues. CRI contends that no additional claim construction is required and the Court
7 should not allow VISA to redo the claim construction process simply because it retained yet
8 another law firm to serve as its lead counsel. VISA contends that if the Court allows CRI to
9 assert its new claims, construction of additional claim terms will be required.

10 3. The parties disagree whether the appointment of expert Schulz requires the parties
11 to reopen claim construction. **CRI’s position:** CRI contends that no renewed briefing or hearing
12 on claim construction is necessary because of the appointment of expert Schulz. The claim
13 construction issues have already been fully briefed and presented to the Court, and the passage of
14 time since then has not changed the language of any claims. **VISA’s position:** VISA contends
15 that renewed briefing and argument on claim construction may be necessary in light of the
16 appointment of expert Schulz and the fact that some 16 months have passed since the Claim
17 Construction hearing.

18 4. The parties dispute whether CRI should be required to limit the number of the
19 asserted claims. **CRI’s position:** There is no justification for the Court to accept VISA’s
20 proposal and force CRI to limit its rightfully asserted claims. The parties have already briefed all
21 claim construction issues and the Court has even construed some of the terms. Extensive
22 discovery has already been ongoing and limitations of the asserted claims will not simplify
23 discovery. **VISA’s position:** VISA believes it would be desirable to require CRI to assert only a
24 limited number of representative claims, thus simplifying claim construction, discovery, motion
25 practice and trial. VISA will suggest a schedule on which CRI will designate representative
26 claims, followed by a briefing and hearing schedule on claim construction before expert Schulz.
27 VISA proposes that CRI be limited to asserting no more than 16 representative independent
28 claims (an average of two per patent).

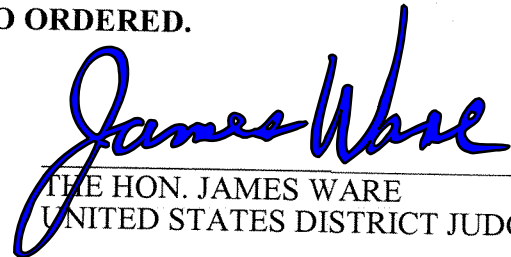
The parties propose that the CMC be scheduled for April 23, 2007, with a Joint Case Management Conference Statement filed pursuant to L.R. 16-10(d).

~~PROPOSED~~ ORDER

A Case Management Conference shall be scheduled for Monday, April 23, 2007, at 10:00 a.m., with a Joint Case Management Conference Statement filed pursuant to L.R. 16-10(d).

PURSUANT TO STIPULATION, IT IS SO ORDERED.

Dated: 3/27/2007


THE HON. JAMES WARE
UNITED STATES DISTRICT JUDGE

Submitted: March 22, 2007

For Plaintiff/Counterclaim Defendant
CRYPTOGRAPHY RESEARCH, INC.

For Defendant/Counterclaimant
VISA INTERNATIONAL SERVICE
ASSOCIATION

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